

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
February 3, 2014**

A meeting of the Municipal Budget Committee was called to order at 6:32 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Danielle Santuccio, Maureen Seavey, Bill Marvel, Doug Swett, Michael Fougere, Greydon Turner, Stacy Sand, Dick Klement, Frank McCarthy, Steven Steiner, Peter Donohoe, John Edgerton, Mark Hounsell (arriving at 6:35 PM), Dick Pollock and Maury McKinney. Excused: Brian Charles. Also present: Earl Sires, Town Manager; Lucy Philbrick; Lily Gilligan; and Janine McLachlan, School Board Chairman.

Greydon Turner led those present in the Pledge of Allegiance.

Chairman Mosca stated for the record Mark Hounsell is in a School Board meeting that is going to break up shortly and then he will then join us with some of the members of the School Board to discuss the School Budget.

TOWN

Chairman Mosca stated we are going to start with the Town Budget and do a little discuss of that. Chairman had stated to Earl (Sires) that it was probably going to be real quick on the Town Budget side and not to bother to bring anybody. Chairman asked if any of the members had any questions other than he because it's always him.

Dick Klement stated he had a question. When he looks at the Welfare line and sees the salary, if he's reading this correctly, is at \$51,000.00 and add benefits to that, we're certainly over \$60,000.00 perhaps higher, but we're managing a fund of \$50,000.00, so we're spending \$110,000.00 to allocate \$50,000.00. He knows there's other things there, other duties involved, but then he looked at the 2013 returns or the input and Welfare was sending back \$2,200.00 in Revenue so that of the money allocated out which is suppose to be a loan, he recognizes that sometimes people are in unfortunate circumstance and can't repay, but when you get \$2,200.00 back on, he guessed they paid out some \$30,000.00, that's fairly low. His question is a point was raised that we ought to look at perhaps farming out some of this stuff, subcontracting some of this since we're expending \$110,000.00 total to work a \$50,000.00 Budget would we be better off from a financial perspective as well as fulfilling our legal requirements to give that to a non-profit and to give them the whole \$110,000.00 and ask them to be more efficient in that so that we could give more money to the people who need it rather than trying to keep it in-house and paying the retirement, the health care and everything else. That was just a thought process in his mind and he was sure Earl (Sires) had some thoughts on that.

Earl Sires stated that's a good question and he would answer it by saying their Welfare Administrator has been there for 13 years and her task, her mandate has been to make sure that those folks who are in need of assistance and who qualify financially and under the terms of the law receive that assistance and to make sure that those folks that are not eligible and that do not merit the assistance and do not receive it and

also to make sure the that Town is the funder of last resort. What Billy Jo does is make sure the people that are coming in are eligible and qualified and then she also looks at what other resources are out there in the community and tries to get those other agencies involved to either partner or to stand in front of the Town to provide assistance. It isn't even a \$50,000.00 Budget that she administers, it's less than that because, in his opinion, she accomplishes her mission almost every year which is to make sure that the folks get served and that the Town spends as little as possible making sure that everyone gets the services they need, but that the Town is the last funder. The Town used to do it sort of the opposite 10 to 15 years ago, there was a part-time Welfare Administrator so that the funding for the staff was about half of what it is now, but the assistance given out was about twice what it was. They have shifted that around so that they have an employee who makes sure that the Town keeps an eye on how they are managing the program. She has the time to put into it so that they are not just having to say "okay, we can't really deal with this situation so we'll assist you and spend the money", if you're understanding what he was getting at. It's sort of a philosophical approach. He thought it was pragmatic and he thought it achieves the goal of making sure those folks who need it and are eligible get help, but that the Town doesn't become an easy mark to put it bluntly. That's a good question because it's been asked probably every year.

Dick Klement stated he just was wondering if the Town could subcontract that out and get a better return on investment financially as well as satisfying the requirements of helping the people that need it.

Earl Sires stated his concern would be, you know, they have also tried to foster a reputation of doing just what he said they do. One can't just come to the Town and expect to get help and get it because they don't have time to deal with it or they're not watching the till. That's kind of what they do.

Dick Klement stated on the Warrant Article for the \$900.00 for boots, are you (Earl Sires) going to complete an expanded explanation on the total financial impact of that because he noticed in the Contract that the salary increase line was dated specifically 2014 so that page in the Contract has been updated. Since that page has been updated, that's a change in the Contract for pay scale. It may be exactly the same, but the page has changed from 2013 to 2014. Chairman Mosca stated it's not a change in the pay scale because the Pay Plan dictates what the pay scale is and because the Town approved the Pay Plan, and he didn't know how long ago.

Earl Sires stated you're both right. It is the same, it is an updated sheet because they had it be year specific in the last Contract, but it's the same Plan. In other words, the Plan doesn't change, the terms of the Contract don't change, they're just updated for the next version. They're assuming that is a non-change to the Contract; however, what he plans to do in the explanation for the Warrant Article, he has started working on it and it'll say something like "while this is the way the State wants us to write it, and it talks only about the \$900.00, please understand that each year of the Contract involves existing terms that result in an increase in the Budget" and then he'll refer to the Operating Budget where it actually talks about those changes because that's where they actually

happen, they don't happen because of the Warrant Article. There will be an updated version when you all sit down at your Public Hearing next week.

Peter Donohoe asked, for perusal purposes, a copy of the former Contract or could you even summarize what the principle differences are between the expiring Contract and the new 3-year Contract. Earl Sires stated the one that he e-mailed to everyone has strike out in bold so members can see what was there and what has been changed, but he does have a summary sheet. The things that were changed are Articles 13, 21 and 29 and Appendix B is the updated version that Dick (Klement) was just talking about. Article 13 was the safety clothing with the boots; Article 21 is the pay scale that is based on the annual survey that gets done, so that's an existing part of the Contract and it's not a new Contract provision, but it's a change to the content; Article 29 just extends the dates of the Contract, the existing Contract has 2012/13 and that just changed it to 2014 to 2016; and Appendix B is what Dick was just referencing where the Matrix which is part of the Pay Plan is transferred from the prior year, the same data is moved forward to this Contract.

Peter Donohoe stated just as a curiosity, when the Town enters into a Contract negotiation and extends the period from 2 to 3 years, you could make the argument that the Town would be getting something in return for the guarantee of things to extend for an even longer period of time. Was that a consideration during this Contract negotiation process? Earl Sires stated yes and it all depends on your perspective. The Town went through a process over the last 5 or 6 years of decreasing the amount of raises that employees could earn and shifting the way that those were calculated and awarded. The short story is, say 5 years ago, employees could earn up to a 5.5% increase; now, under the current language with Appendix B that we are talking about, this past year was a 2.5% increase. Next year it might be 3% because it fluctuates slightly according to CPI. The employees, the Union members, had asked for a number of other things and the Town's point in the negotiation was, and one of the things they wanted to do was go back to the earlier Plan and be able to earn more and the Town said "no, we won't do that, but we will consider a 3 year at current Contract language". There were some other things talked about and the Town ended up saying okay and the boots. Basically his response would be, they went through a process of getting this thing closer to where it needs to be these days and they felt the members were willing to stick with that for another 3 years that they could support that.

John Edgerton stated he did notice in the wording that the minimum would be 2.5% and it would be cost of living for those in the highest bracket, it would be Cost of Living plus .5%, but at no time less than 2.5% even if the Cost of Living was zero. Earl Sires stated actually what it says is, and you are right, it depends on what the CPI is each year. For example, last year the Consumer Price Index was 2% so if you did a good job you got the 2%. If you performed at the highest level, you had an added .5%. The only bump was the .5% for those that performed at the highest level. It wasn't 2.5% plus 3 years or something like that. John stated the CPI for 2 years was zero and last year was 1.5%. Earl stated what they used he thought was CPI All Consumers, which ever one they used, showed a 2% for the year end 2012 or 2013.

Greydon Turner asked if we were confusing the Consumer Price Index with Cost of Living Allowance. Earl Sires stated they use CPI. Greydon stated the Cost of Living Allowance didn't go up, but the CPI changed. Earl stated the CPI was about 2%.

John Edgerton asked which CPI was that? That's not the one that the Federal Government uses. Earl Sires stated he thought it was All Urban Consumers, the basic CPI. John stated his Social Security increase was 1.5%. Earl stated it would be data they got from the Bureau of Labor and Statistics. He will double check. They used what was presented.

Mark Hounsell stated the Social Security does theirs different from anyone else. They come up with different numbers than anyone else and is usually lower than what the real cost is. You (Earl Sires) don't use the Social Security. Earl stated he thought they used the All Urban Consumers CPI.

Frank McCarthy stated Cost of Living, do you use the same one that the Federal Government uses for military retirees. Earl Sires stated no. Frank asked why. Earl stated because that's what they've used, they agreed with the Union to use that particular statistic.

Frank McCarthy asked why, when there's no increase in Cost of Living for retirees, Social Security recipients, they get their step raises, why do they get a Cost of Living increase too when there is no Cost of Living Increase. Earl Sires stated there is no step increase for Town employees. It's basically, and it's kind of a complicated calculation, but if you perform you get a little bit more than what the Cost of Living is. If you don't perform, you get less than the Cost of Living. All it is is a Cost of Living, there's not step plus Cost of Living. In other words, if he was a mediocre performer last year, he'd would have gotten a 1.5% raise and he wouldn't have even gotten Cost of Living.

Frank McCarthy stated as he understands it, this is a performance raise based on the Cost of Living. Earl Sires stated right and the logic is if you perform mid-level and you're a good employee, you get the Cost of Living. If you're higher, you get .5% more than the Cost of Living. If you don't meet the grade, you get less than Cost of Living. Frank stated he got it. Earl stated the incentive is to perform so that you at least get Cost of Living.

Dick Klement stated how can you budget that when you go through your budget process for the following year. Do you assume everyone's at the medium level or everyone is at the high level? Earl Sires stated usually they have gone towards the high level and then cut that in half because they have people that get their awards during the year. That's why sometimes you'll see at the end of the year the Merit line may have a little bit left in it because they over budgeted slightly, but they didn't allocate that out.

Dick Klement asked Earl Sires if he happened to have handy the allocation percentile in each group: high, medium and low. Earl asked what Dick meant. Dick stated for example if you have 10 employees total, were there 3 at the high level, 5 at the medium and 2 at the low. Earl stated he didn't have that handy, but he would say that the Town is fortunate in that many, many of their employees are long term, high quality and high

performing employees. A good percentage of folks get that; however, they had employees that got no raise, they had employees that didn't even get the 2% and he would say the average is probably like any where else, the average or most employees got the base 2%, some less and some more, but he didn't have it. He could probably get it.

Dick Klement stated he was trying to determine when the School was doing it, they had a significant number of distinguished people and a very small number of needing improvement, he couldn't recall what the lower was called. Earl Sires stated the Town's is probably above curve. Some people are in the middle and some are on one end or the other.

Chairman Mosca stated Earl (Sires) already knows his issue. He looks at the salary for the Rec Director and for the Assistant Rec Director and then he looks at the salaries for the Library Director, Sergeants on the Police Force, teachers, and he understands the Rec Director has been here for 22 years, but how does that salary compare to statewide numbers. Earl stated they use the 30-Town Survey and really what that does is reflect, if you take 30 of however many towns there are you pretty much have a sample that represents the State. So when you say what's the State, this is pretty close. The average salary for a Rec Director is about \$58,000.00; it ranges from \$50,000.00 to almost \$70,000.00. John's (Eastman) is 117% of the average salary; his salary is about \$67,000.00. Again, he's been here 22 years so that reflects that. He has talked about this before, fortunately they have a long seasoned, long-term Department Heads, but that's going to change over the next few years and some of that stuff will start to come down. That's how it works, he gets 117% of the average salary for Rec Directors in the State. That's what the market value of a Rec Director is at and he was thinking about this after the Chairman mentioned this today and he thought that the Chairman mentioned Police and some other positions and if you think about it, the Rec Director is managing our kids and programs that involve the kids of this town and you know how things are these days, so he thought the Town was fortunate to have a seasoned Director who is covering all of the bases for safety and making sure that the programs are all run appropriately and that all of the staff is screened so that the kids are safe as they go through all of these programs. He thought that having a person like that with those skills in that perspective is why it's 117% of the average.

Chairman Mosca stated to the Plan, when people get hired, do they get hired at 85% of the average, is that something he recalls hearing. Earl Sires stated 87.5%. Chairman stated if people start at 87.5%, how do they get to 117% or 120%. Earl stated over time and that's another good question. This Pay Plan was instituted a few years before he came and the idea at the time was that 87.5% was relatively low, the higher end but you had this opportunity to perform well and you could receive up to a 5.5% raise. Actually when he first came here, you could be evaluated more than once a year because the idea was to sort of accelerate people. You bring them in and if they're performing they get on board and their salaries come up. They eliminated the more than once a year thing pretty early on and then, as he said, they've worked over the last few years as they have been able to bring people in at 87.5%. It's just the way the labor market has changed a little bit and 87.5% looks better than maybe it did awhile ago. Not only did they reduce a number of evaluations a year, they've reduced over time the amounts that folks can receive. To answer your

(Chairman Mosca) question actually, just through time at those higher rates people were able to move through the system and they've tried to sort of tail that off lately.

Chairman Mosca stated once people get over 100%, if there are people in all of the towns in the 30-Town Survey, doesn't that skew the figures. If you have positions that are over 100%, doesn't that raise the average of the 30-Town Survey. Earl Sires stated sure, the average includes everything from, and it's a variety of different sized towns, so it includes towns that pay less in general, it includes new hires, it includes some towns that pay a little more than average and it includes the salary information for veteran employees that are in some towns. It's an average with stuff spread out all over the place. As our folks make more, they would influence the average obviously.

Bill Marvel stated he just wanted to make an observation. Thanks for having the names of the teachers here, he was just running through the list of teachers who have 22, 24, 28 years of experience, who have Masters Degrees, Masters +30 and in some cases the equivalent of a doctorate and the highest figure that he comes up with is \$58,992.00 with the lowest being \$42,000.00, that was for a woman with a Masters Degree and 24 years of experience. They work with kids.

Chairman Mosca stated he guessed that was his point, he understands how it came about and he understands that probably in a few years John (Eastman) may take his pension and we'll get somebody that's going to be at a little less rate. Earl Sires stated he would point out that he believes, and he hasn't looked at it, but if you compared our teachers' salaries with the State wide average, you'd find that they are low. Bill (Marvel) is probably right. The Town's plan has been to deal with the labor market and pay what's the going wage.

Danielle Santuccio stated the Rec Director works at night and weekends a lot, right. Earl Sires stated yes. Danielle stated it's not a 40 hour work week. Her dad did that and he was never home. Earl stated it's by no means a 40 hour a week job. Danielle stated that's how she remembers it.

Mark Hounsell stated he just wanted to say this because he tries to squeeze it in every year and has been for the last 14 years or so, but he doesn't like the 30-Town Survey method. He didn't think it reflects the Town of Conway at all and it's a method, but he didn't think it was one that was overly defensible. It predates Earl's (Sires) time in the town and it is just something that we have never really addressed. Personally, he didn't like it. Chairman Mosca stated he didn't either.

Stacy Sand stated she just went with the \$58,000.00 figure for that highest teacher at that same rate and working 9 months, that's about \$9,600.00 a month and if you take that times 12 it comes out to \$79,200.00. She thought he was right in par with that since he works 12 months out of the year. Even if it was 10, it would still be very close and you don't know that he doesn't have a Masters or Doctorate as well.

Lily Gilligan stated she wanted to point out one thing and that was the salary survey that you are comparing this to is salaries from 2 years ago, but you're looking at the Rec Director's salary at current salary. Out of

fairness, she wanted to point that out as well. Earl Sires stated they use information that is dated. It's the best they have.

Peter Donohoe asked when was the last time the Union employees in the Town, the contribution percentage was changed for health insurance. Earl Sires stated probably 6 or 7 years ago at least.

Earl Sires stated they did want to talk about one thing if there aren't any further questions. Someone raised a question since last meeting about the Default Budget and you have the calculations that they presented. Those calculations are as per practice over the last 5 or 10 years at least and probably that's the way they've done it for 15 years. One of the things that it includes is Employee Salaries and they had a debate about this years ago, but since it was brought up again he thought he would bring it out for your consideration because you (Budget Committee) do set the Default Budget and that is premise of including the salaries of employees was that through the Pay Plan and through the operation of that Plan and the issuing of a pay check based on performance and all that, that that in effect constituted a Contract. They've talked about that with DRA, Lily (Gilligan) contacted them this week or today, and they said it could go either way. Some places do that and some don't. He is just throwing that out because since you are the ones that set the Default Budget, you have the option of deciding. He has talked with Town Counsel because DRA said either way, talk to your own attorney. He did talk with counsel and he said it could go either way; however, if he had to defend this some where he would want to see a written Contract. No real good information there other than it sounds like you could take your pick on that and Lily does have the calculation that does not include the salaries. This would be salaries of the non-Union employees because the unionized employees are working under an agreement. Lily can hand that out if you would like to have that.

Lily Gilligan stated the dollar figure for the Default 2014 would be \$10,139,479.00 which is \$4,724.00 less than the proposed 2014 Budget.

Chairman Mosca thanked everyone for coming in.

SCHOOL

Mark Hounsell stated as the School Board's rep to the Budget Committee, he wanted to do something that was probably a little different than what has been done in the past, but he believes and feels it's necessary because he's presenting to the Committee the position of the School Board and he wants to make sure that what he presents for consideration and discussion tonight is accurately reflected and he's sure that his colleagues will correct him if he's wrong, but he's comfortable with it.

Mark made the following statement to the members of the Budget Committee:

The Conway School Board has presented the Budget Committee with a budget that accurately reflects what is needed to provide the children of our town a proper education. Not one member of the Conway School Board would disagree that the impact on the local property taxpayer is significant. However, the function of this or any School Board for that matter is to seek resources

necessary in order to complete our duty to preserve our democracy, to prepare the next generation with the knowledge necessary to thrive, prosper and enjoy their lives as free men and free women. The fact is children are our constituency and preparing them by providing the correct education is the legal, moral and patriotic mission of all American citizens.

A close scrutiny of our projected revenues reveals the real problem as being the amount we as a district receive from the State of New Hampshire Adequacy Grant, which against the proposed Budget of \$34,099,504.00 is a paltry \$2,847,472.00. What we have is not a spending problem, it is a revenue problem. The Legislature needs to act and provide real property tax relief.

Briefly on that note, the State pays out statewide \$3,456.00 per student under the Adequacy Grant, even though the court has ordered them to fully fund an adequate education which is between \$13,000.00 and \$15,000.00 per student. Then there is the raw deal we get from the Federal Government, as it pertains to mandating special education while not paying the 40% of the cost that has been long promised by many people seeking a seat in the U.S. Congress.

Currently it is not possible under the law for the people of Conway to raise money other than by the property tax. As unfortunate as that is, it is the way it is and we must provide for the education of our children.

The Conway School Board recognizes that we must change with the times and has voted to establish an Ad Hoc Long Range Planning Committee to develop a 5 year strategic plan that takes into account all the educational, budgetary, staffing and tax issues necessary to keep us on the path we establish. As we all know, the world is changing and our schools need to keep pace with those changes. As a district we can do better staffing wise and program wise. In order to do so we must reform some of what we have been doing. Not abruptly, by affecting changes with drastic budget cuts. Rather, we must clarify our needs by the tedious planning that I believe has been lacking. It should be noted, the SAU has a plan, the Conway School Board does not. That must be remedied starting with the next Board.

What we do have are excellent teachers and staff as well as facilities and equipment. In the past, the voters have been very generous in their support of the children and their education.

Of the \$34 Million Budget, more than \$15 Million is paid by the local property taxpayer. About 50% of those taxpayers actually reside in Conway. The other 50% are second homeowners and commercial concerns. The average hourly pay that a worker employed by an establishment on the strip is a meager \$8.50 per hour. I personally have no problem having the commercial entities paying more in property taxes for the purpose of public education. It is in some way a means to provide an educational

benefit to their employees that will enable those workers the peace of mind knowing their children might enjoy more financial security than they have themselves. According to City-data.com in Conway the number of households earning less than \$10,000.00 per year is 21.5%, the number of households earning between \$10,000.00 and \$20,000.00 is 9.7%. The number of households making between \$20,000.00 and \$30,000.00 is 15.4%; that calculates into 47% of the households in Conway earn less than \$30,000.00 annually. We all know that education is critical for independent financial security. Our proposed budget reflects those current needs for the next school year. I mention this in order to better articulate the essential need for the school district to prepare our kids for a better future.

Let me conclude by stating the following. The nation's population in 1820 was 9.7 million. By 1920, it had grown to 106 million people. The Census Bureau estimates the 2013 population of America has reached 317 million persons. There was not much in the way of industry or technology in 1820, but by 1920 there was an explosion in inventions, travel and philosophy that would have been unimaginable 100 years earlier. Likewise, the changes in practically everything from 1920 to 2020 have been and will continue to be breathtaking. My point being, the world has progressed in certain ways, not all good, not all bad. I can wax nostalgic with the best of them having been born in 1952 and being part of a world that at times seems adrift. I at times long for the old days, but we can not and must not live in the past. Our children are the future.

Many of us on this committee will not confront the changes that are to come, nor will we be a direct part of the solutions. To any child born in the 21st century, it will be their responsibility to deal with the world that awaits them. For this committee, this year, it is our responsibility to give them what they need. That is why what is before you is a needs based budget. I strongly urge you to support it. Thank you Mr. Chairman.

Stacy Sand stated she would start with the Safety Officer, a new position that was to replace an administrative position and though it's only \$35,000.00 which is more than your average first year salaries, actually it's more than 5 years of teaching experience salary and it actually equals \$61,000.00. She proposed that we eliminate that amount of money. Not to say that there isn't a need for people to help with disciplinarian measures, but maybe that money can be shifted from some other school, some other department to make it happen. She just thinks if you're going to add staff, you're not adding \$35,000.00, you're adding \$61,000.00 with benefits.

Chairman Mosca stated to Stacy Sand that her proposal would be to reduce the bottom line by \$61,000.00 in total. Stacy stated correct.

Dick Klement stated he thought in Conway we are fortunate that the School is funded some 30% by the sending towns, so 40% by the summer people and the State, and 30% by the local residents. If not for the summer people,

we would spending a lot more money. Several people pay and don't get. That's the way life goes. He didn't think it was a question of getting more money, we have to sit down and say "I have \$10.00 in my pocket, I can spend \$10.00" instead of the American dream where I have \$5.00 and I'll just print another \$25.00 in the basement so that I can spend \$30.00. We spend more on the High School co-curricular budget than we spend on Foreign Languages in High School. We offer courses in Weightlifting, Ceramics, we recently introduced all-day Kindergarten. He was not saying this is bad, he was saying that in the grand scheme of things, do we feel it is appropriate. He knows our colleagues on the School Board will state that these things are necessary for the well-rounded individual, but we stand here looking at an increase of over \$1 Million and it seems that every year we're looking at increase of over \$1 Million. He could sit here and wax prophetic about why he moved to New Hampshire because he didn't like his property taxes in Pennsylvania. He is now paying more in property taxes in New Hampshire than he did in Pennsylvania, but time has gone by and that's the way things go. He looks at the Default Budget and say he sees a real Default Budget as opposed to the Town Default Budget which is not a real Default Budget some would say. He thinks we are spending too much money and he thought we need to carve it out some how. He would urge that we carve it out with specific recommendations rather than just carving it out with percentage reductions because he doesn't think that's fair. We need to suggest what should be cut, vote on it and see if we agree. The School can change that if they want to, but they would have to go to the bottom line to look at what we recommend because we don't accept this Budget or vote for the Default Budget. Thank you.

Chairman Mosca stated he was going to play Devil's Advocate with Dick (Klement). Bill Marvel asked if there had been a second on Stacy's (Sand) proposal. Chairman stated no, that's just something that she proposed and we will come back to it. He was going to wait to see what proposals are made. There wasn't a motion made, there wasn't a second necessary because it wasn't a motion.

Mark Hounsell stated Point of Order. Isn't it the case that we do not vote until after the Public Hearing. Chairman Mosca stated we can do whatever we want; we do have a vote set up for then, but if we want to start giving the School Board something now, before the Public Hearing then he thought it was better that the School Board know the feeling of this Board before the Public Hearing. Mark stated that wasn't what he was talking about, he's talking about the Board actually voting on the Budget. Chairman stated we will do that after the Public Hearing next week. It's actually scheduled for the week after, but if we wanted to make a motion to do something tonight, we could do that. We're not voting on the whole thing, we're just voting on certain issues. Mark stated he needed a for example. Chairman stated for example, if Stacy (Sand) wanted to make a motion to cut \$61,000.00 then we could vote on that. Mark stated wouldn't that motion have to be to ask the School Board if they would consider cutting it because at this stage it's still a proposed Budget. We have no authority to cut anything, we're working towards a recommendation for the voters. He would submit that any vote would be premature. Chairman asked even to recommend to the School Board on what we discuss tonight? Mark stated something along those lines; if we take a position, an iron clad position, we have to have motions to reconsider and all of that.

Chairman Mosca stated he wanted to go back to playing Devil's Advocate to Dick (Klement). Dick said that we should come up with specifics to cut and not just a percentage whereas we are voting on a bottom line, we're not voting on specific line items. Even if we were to say we want to cut \$61,000.00 for this new position, that doesn't necessarily mean that if the Budget went through that way and it was passed by everybody that the School Board would have to take that recommendation. Dick stated that's correct. Chairman stated it's a double edge sword. We can come up with whatever recommendations we want and would like but what happens with the bottom line is completely up to how the Superintendent and the School Board decide to split up the money. He respects what Dick has to say and he agrees, but if somebody just wants to make a percentage cut, that's their prerogative.

Dick Klement stated his point was that if we were just to come out and say cut 5%, we haven't given anybody any rationale to why this Committee says cut 5%. He thought we need to provide some rationale as to why we're doing that. If you are proposing certain things as in Stacy's (Sand) comment to cut this \$61,000.00, people don't necessarily have to agree with that but they can see the rationale and understand what we came up with rather than just saying "off with their head". Chairman Mosca stated he agreed with that and advised Mark Hounsell that he would come back to him.

Frank McCarthy stated he agreed with the Chair. If we are going to cut anything, it should be a percentage and it should be at the bottom line for this reason: They are the experts, they would know best where to cut and where not to cut, where they can cut, where they can't cut and he is assuming they can cut at least \$640,000.00 because it's already been said in a School Board Meeting and it's in the paper that if the Budget fails, it's all right we can cut \$640,000.00 out of something else and still do it. He was assuming that there is a little bit of play in that Budget. Otherwise, the Chair of the School Board wouldn't have been able to profess that he didn't think. He also agrees with his colleague that we're spending too much money. Every year enrollment goes down, the number of staff goes up and we just keep spending more and more and more and more. He will tell everyone right now that the taxpayers, now the taxpayers, are getting fed up with it.

Chairman Mosca stated although we are not in Public Comment right now because the Chair of the School Board is here and a comment could have been attributed to her, he will let her speak.

Janine McLachlan stated as the Chair of the School Board she just wanted to say, Mr. McCarthy, she has never, never said that they could cut \$640,000.00 out of their Budget. Not at any meeting, not in any Minutes is there any record of her saying that. She has a number of School Board members here and asked if anybody recalled if anybody on their Board had made that statement. That statement was never made and she was not sure where you got that information, but she was telling him as Chair of the School Board that statement was not made.

Frank McCarthy stated that statement was published as a quote in The Conway Daily Sun. Janine McLachlan stated it was an inaccurate quote.

Bill Marvel stated he has to wonder if the School Board's Budget is a needs based Budget, why then as the apparent need decreases does the Budget increase. That seems to be a perennial problem. He just recently calculated the growth of the Town versus the School Budget over the last 14 or 15 or 16 years where the Town Budget has increased a little over 40% with increased population. The School Budget has more than doubled with a 14% drop in enrollment. He was thinking as well of a relatively specific cut, such as what Stacy (Sand) was suggesting and it was based on his statement over the last two years that the one thing he wouldn't stand for was more staff especially when enrollment is decreasing. Last year between October of 2012 and October of 2013 there was another 4% reduction in enrollment. What happens in Conway when the enrollment goes down? You hire more staff. We had 214 teachers and Administrators and itinerants in 2012/13, this year we have 216. Why the 2 others he doesn't know. He wouldn't, quite frankly, have been able to find out that there were 2 extra if he hadn't gotten the list of names to go with the salaries and positions. He was going to propose that we at least reduce the Budget by the equivalent of 2 average teacher's salaries, 2 median benefit packages. He didn't know what the benefit packages would be; probably median would be \$15,000.00 and he knows that the average salary is about \$43,000.00. He was going to go for \$87,000.00 in salary and another \$30,000.00 in benefits which would be \$117,000.00.

Chairman Mosca asked if that would include Retirement. Bill Marvel stated frankly he didn't know what the Retirement rates are. Whatever the median benefit would be, including Retirement, that's what he would propose we reduce it by and let the School Board decide what 2 people or what they are going to cut that equals that amount. His preference would be to see at least 2 staff members reduced. He thought the main problem that we have is that the Selectmen have a similar responsibility. They have to provide services to the Town and they have to gauge it against cost and they do that rather rigidly. He means they really assess the cost against the benefit. His observation of the School Board in the last 8 or 10 years has been that the benefit is the principle ingredient. The School Board members run for office saying they want the best education children can get, not the best education we can afford and that has to be balanced. He thought that was the problem.

Chairman Mosca stated he was going to ask that when members are speaking that they pick up one of the portable microphones because the people in the back are having a hard time hearing us.

Mark Hounsell stated he would ask that he might be able to answer these as they come because he loses track of what he wanted to say already and the thought it was important that the School Board perspective be out there. As far as the voters, if you look at recent history, there was one year where there was a percentage cut proposed by the Budget Committee and it wasn't well received. Last year there was a Budget cut that was the result of discussions at this level which talked about specific things. Knowing that we're crossing the roles of establishing programs versus establishing budgetary questions, he thought it helped last year for the voters to support the Budget Committee number because there was specifics that was given, like the one that Stacy (Sand) proposed. It was a specific. It's also the case that there was recommendations that the Budget Committee made and their rationale were not incorporated. The School Board chose to

find the cuts elsewhere. At the same time a number was reached in a defensible manner instead of saying "this is too expensive and we can't afford it". Yes, it is too expensive and the property taxes are becoming unaffordable and nobody would disagree with that. Whether or not the taxes and the taxpayers are suffering, under the system that we have, it is nothing else we can do except to educate our children in a manner that prepares them for the future and that hits a lot of people on fixed incomes hard, it hits everyone that pays property taxes hard and that's the problem with the way we raise money for public education.

Mark Hounsell stated the question of whether we need this or not has been answered by the School Board, who were elected to address such things. He can understand and accept disagreement that the programs that we have and the hirings that we have are not the ones that individual members might like to see and that those impacts are too expensive and maybe not make sense, but he can sit here as someone who has gone through this process many times and tell you that he is comfortable in telling the community that this is what is needed to continue the mission that we have and he uses the word haphazardly incorporated over the years because he has been on the Board before and he has watched the School Boards and there is not a plan of where we are going to be 5 years from now. In the absence of that, we'll see the increases that don't reflect the decline in student population or the increase in senior population. It doesn't reflect the need, if you will, and he thought that was the mission of the School Board to find out, and they've started on that, where it is we are headed. What are we going to do with declining enrollment and rising property taxes? What is the best thing for us to do and they have begun that process, but as it pertains to this Budget that's before us, this is what is needed.

Dick Klement stated this is just an aside to Bill (Marvel). If you have looking to reduce teachers, remember we have a Union, so that the teachers that will be replaced, last in - first out, so you would have to go with a base salary in your calculations rather than the middle salary. That's the way you have to get rid of them.

Bill Marvel stated he understood Dick's (Klement) argument, but perhaps he's more comfortable with the average salary and median benefits because he really thought staff should have been reduced and not kept static during this fairly long period of steadily declining enrollment.

Dick Klement stated he had one specific suggestion for reduction. At the Middle School there's a \$97,479.00 line item that includes all of the co-curricular for sports at the Middle School essentially in large this is replicated in Town functions that will provide the same level and he recognizes this is a push back but at the same time we are duplicating within this town certain functions. So he would recommend \$97,479.00 to be reduced specifically at the Middle School.

Mark Hounsell stated he would like to respond to the staffing issue. The 2 positions that are new he knows that 1.5 of them has been for the long awaited need for a teacher in the elementary school at Pine Tree. That's included as one of the new positions and he's convinced that it is a needed position that's been lacking, or another way to put it is that Pine Tree has been understaffed and this Budget brings them to full staff. The other thing has to do with the Safety Officer and the delta between

eliminating and administrative position and putting this position in its place which is not an administrative position nor is it a Union position, is \$22,240.00 or \$23,000.00 less than last year so there is a reduction. As he stated before, even though they eliminated this particular administrative position, they did not eliminate the need for this new position.

Frank McCarty stated he thought, ladies and gentlemen, is that we have a mind set, we need this, we need that, we need this. He knows somebody else who talks the same thing, we need \$50 Billion for free cell phones and we need another \$150 Billion for Food Stamps for half the population and we need this and we need that and we have a \$17 Trillion debt. It's a mind set, we've go to get over it; we've got to learn to live within a budget and within our means.

Steven Steiner stated like he has said, over the summer he has had a chance to have his wife's cousin come to the house who is a teacher in Bimington, New York. He showed her the yellow book and she was going through it and she said "my God, Steven, our Budget is \$33 Million but we education 4,000 kids". His question is how can Bimington, New York educate twice as many kids for the same amount of money that we do. The answer is we need to increase the class sizes. Their class sizes range from 25 to 28 students and that's the key to this. One thing he wants to say real quick before Mark (Hounsell) takes the microphone, in his new career he gets a chance to meet a lot of folks out there and he can state again and again that they can not afford these taxes. These are older people being pushed out of the homes, businesses who are just making their numbers. We have to do something and taking 2 teachers off the payroll ain't going to do it.

Mark Hounsell stated the time that he spent in the Office of the Selectmen, they would frequently have people come in because they were in serious arrearages in their property taxes and they were at risk of having their property taken and in all that time, while he was there, it was the practice of us to inform them that we were not interested in taking their homes. He does not know of a case in the last 15 years where anyone was put out of their house for not being able to pay their taxes in Conway. He was not saying there isn't a problem with the rise, the increasing impact on the property taxes. He said it last year and he said it this year, the property tax rate is a real problem and it's becoming unaffordable. That's why we're looking to do things better by doing reform, by looking at things like how can a School District do more with less. How did they do that? If they did it, he'd love to know. He thought this Ad Hoc Committee which is going to include just about anyone who wants to be on it will be able to come and help them to develop where it is they're headed. We can't afford not to do it; we can not afford to have people, Americans born in the 21st Century not ready for whatever the world is going to look like in 50 years, 20 years, 10 years, it's happening and it's happening fast and he is happy to be part of that mind set.

Maury McKinney stated he would like to preface his remarks with the fact that he does have a daughter in 9th Grade at Kennett High School so he has a special invested interest in seeing that we offer a quality education at an affordable rate. He would also like to applaud Mark (Hounsell) and the other members of the School Board for deciding to develop a 5 year strategic plan. He thought it takes time to manage our expenses from both

end, Revenue and Expenses. He would encourage the School Board now and the time they are developing this to thoroughly consider how to better manage health care benefits. Yes, we have a Budget that's about \$1 Million over what we had last year, \$600,000.00 of that is due to increases in Health Insurance and when he hears from just about anybody Health Care increases are like "gosh, who would have known", "gosh, there's really nothing we can do about that" and speaking as person who hasn't had health insurance for 25 to 30 years, he thought that we really can manage that and maybe he would just encourage the School Board in the strategic plan to develop options for better managing those health care increases. You can maybe offer more in salaries, maybe you can adjust co-pays, maybe you can have Clinics or whatever, but he hoped that would be a simple plan for the strategic plan because that seems to be where the greatest increases are and he thought that threatens the needs that the students have.

Dick Pollock stated he was going to piggyback on Maury's (McKinney) comment that he is really pleased to hear about what Mark (Hounsell) had to say about the long range plan. He didn't see how any organization can function without one and it will, he thought, speak to some of the concerns that we've heard tonight or make more sense out of them. He thought we had to reinvent the wheel every year as it is now and a longer range plan will put some of that at least a little bit to rest he hopes. He is retired, on a fixed income and no one is about to take his house. He will do whatever he can personally to support a quality education for the kids in this area and if that means pinching a nickel a little bit harder, whatever it takes. He understands that there are other folks in difficulties so he always has to say that's his opinion about his circumstance and he realizes being on the Budget Committee he has to think of others too and so it's a difficult job that we try to do balancing act and he thought at the end of the day we'll come out with something that works for this community, he hopes, at least that's his, as a relatively new Budget Committee member, that's his goal.

Bill Marvel stated he's heard a lot like that before which is probably why we're where we are today. He often doesn't agree with Steve (Steiner), but he agrees with his comment that this isn't nearly enough, the suggestion that he made. What it is is basically the same as what he offered last year although with a slightly stronger tint of cynicism. Last year he was more supportive of the School Board and the year before that more still, but he thinks the balance is the problem. The School Board is balanced a little too strongly towards what it perceives as its primary goal rather than its mutual goal of satisfying the entire community. That's all.

Mark Hounsell stated the School Board has a specific constituency and that is the children who attend school. That doesn't mean that the members of the School Board don't keep an eye on budgetary things. They simply do, he knows he does. The Administrators were instructed to come back with what they need to do the mission that's laid before them and this is what they have developed. This is what they need. If someone wants to affect that and really make a difference in what they need, and he's sincere in this and he really means this, you should run for the School Board, you should engage at the policy level and at the Budget development level and bring your concerns there and you should look to incorporate the changes that are needed because he didn't think anyone is going to suggest that we don't have enough in the till to educate our kids. What that amount is,

and we're in that process, the Budget Committee developing what is clearly a needs based Budget to one which is in your charge affordable. That's really the bottom line, but to effect policy other than to make statements and recommendations, you need to be on the School Board and he encouraged anyone to run. Mark stated he was looking at Bill (Marvel) but didn't mean him specifically but he could run too.

Stacy Sand stated the job of the Budget Committee is to oversee the Budget of the Town and School and she thought, and you said it yourself, previously when they made a percentage to cut 10%, you got a very strong reaction. She thought by this Board discussing some things like staffing versus this or that, again it's making suggestions on ideas for you to discuss as a Board with your Administrators to cut, it's not directing because you're going to do what you need to do. As a Selectman, when their Administration presented them with a Budget, she thought it was her purview to question as much as she possibly could in that Budget that was changing. This is going up, what are we getting more for our dollar or where is it mandated that this go up and really questioned and looked at it and said is this the right year for this to happen or is it not the right year for this to happen. Keeping in mind because she does think that it is part of your job to be looking at the community and not just the students. Providing an education for the students is your main purview but you are also responsible to the community because those are the people that elected you. Her question after all of that preempt is when your Administrators handed you a Budget which they thought was their base needs Budget, what did your Board cut from that Budget in terms of significant cuts before that Budget was brought to us.

Mark Hounsell stated he would preface his answer by stating that much to his frustration the School Board can not and does not, and probably would be better if it could, act in the manner by which a Board of Selectmen can act. They are restricted by many, many, many State regulations and some very complicated Special Education laws and unfunded mandates is a big problem. This insurance costs and these Retirement costs hit the School especially hard and it's reflected in this needs based Budget much like it hit the Town hard. The thing that he wants to get out there is that as a School Board member, any School Board member, there is not enough time given to scrutinize the Budget that he would like to see against everything else that they have. So they trust our hired Administrators to a large degree, probably much larger and with fewer questions than what the Town does. He did take a look at it, he can't think of any significant cut or any that was made because most of it was made in insurance benefit packages and Union Contracts and they were beyond anything they could cut. He was not prepared at this time to make cuts in co-curricular although those are suggestions and the suggestions that you have he is sure the School Board would entertain if brought back in a proper manner. He will concede in his answer that he thinks the Selectmen have more time available and fewer line items to consider and have a better job at scrutinizing and really making the Selectmen's Budget, but at the same time, this School Board stands by this as a needs Budget, and he does himself, and it was not done without consideration of the taxpayers. The primary constituency of the School Board is the students. That's why they were elected.

Frank McCarthy stated he just wanted to make a couple of points. One, he didn't think there was a person in this room, including himself, that does not want the best education for our children that they could possibly get. Having said that, throwing money at it isn't the way to do it. Look at Washington, DC; look at Chicago, they get twice the amount of money that our students do almost and they had the worse school in the entire country. Money is not the answer. There are ways to save money and there are ways to get a good education without it costing a trillion dollars. You have to find it, you have to look for it. You have to get out of this mind set that if we just throw a few more dollars at it, it will be so good. That doesn't work.

Dick Klement stated the comments relative to the health care which is most of the increase, having sat on negotiating teams for a number of years, you're talking about a sore point for the Union. This is a Union issue. Even if the School Board said "we're not going to accept anything you say, we're going to go to impasse; we're not going to support the Contract", even if they did that, the teacher's health care increases would still go forward because they are in the base Budget. You can hold them to the fire, you can grasp them as tightly as you want to, but that health care clause is still there. They'd have to surrender something to have that health care change. It's a very difficult situation and there's no easy answer to this. We know there is \$600,000.00 in expenses that the School Board does not have the power to change and we don't have the power to change. It's going to get worse; it's not going to get better. The health care costs are going to go totally out of sight and we'll be paying, he assumes, next year another \$600,000.00 to \$1 Million increase in health care costs. This is a huge problem that's nationwide and we're not going to fix it in this forum and he didn't think that the School Board could fix it either.

Chairman Mosca stated he was going to jump in because he wanted to comment on that. Contractually, couldn't you put language in that any new teacher hired after July 1, 2014 would be pay 25% to 30% and anyone who is already here be grandfathered in at the 20% rate. That would satisfy the Union because the members that are there now wouldn't be impacted and anybody new coming in would know what they are going for and in the long term as there is a turn over, the percentage rate being paid by the employees would actually be higher because as people retired and new people coming in they would be paying a higher rate. That's something that, again, doesn't impact current employees, but it impacts new hires. There are a lot of Unions going to language like that. Try not to impact the current, but impact any future. He thought it was something that should be looked at if you haven't looked at it and that's just a comment from the Chairman, someone who has negotiated Contracts because he's had language in Contracts like that that he's negotiated.

Steven Steiner stated again he hears a lot about the kids and the kids' education and last year it was he that introduced the 10% reduction in the Budget. He asks himself what would have happened if that 10% had gone through. How would Carl Nelson, who would he hurt the most and he had not doubt in his mind that it would be the kids. So sit there and say that education in this town is about the kids, the Football Program would be out the door he was sure without doubt. We just have to look at the Music Program, that was cut last year, right, so if it's really about the kids,

and he didn't think it really was and he didn't want to get into throwing stones, but the bottom line, Mark (Hounsell), the kids will be hurt the most. Again, reducing class size and everything along that line is what we need to do and, if we do it, we can save this town. Also, he thought the Selectmen need to start working on a plan to bring better business in and all that stuff.

Mark Hounsell stated to Steven Steiner that his idea of class sizes is one that needs to be part of the discussion on the direction that we're headed. He'll say it again, his understanding, and he thought this was backed up by experience of many other people, is that a School Board member's charge is to provide the resources necessary for a proper education or a needed education of the children. That's the primary function of a School Board. Again, not to say that they aren't aware of, they live in this town too, of the impacts that it has on the property taxpayers. They don't know the answers if there's going to be astronomical yearly increases in Health Insurance or there seems to have been a trend towards that for a number of years, but maybe things aren't going to continue that way, he didn't know. He's a plumber, he doesn't know things about such matters, but there are people who do and we need to get them involved in the conversation. We're not spending a trillion dollars, we're not in Washington, DC, we're not Chicago, we're not Birmingham, New York, we're Conway, New Hampshire and the Budget that you have before you in this book is the School Board's presentation to the community through this check and balance of a Budget Committee of what they need in order to maintain what they have and what they have and what they do is very good. Yes, it can be improved upon, but for the task at hand, this Budget is worth supporting.

John Edgerton stated he had two items; one is somebody said something about the Town not having to take property for taxes; no, they sell and get out of town long before the Town is going to take it and the other one is that he can't comprehend how the School teachers and employees of the Town can accept a 2.5% increase in pay and a 7.9% increase in their taxes. That's kind of hard to take.

Bill Marvel stated the difficulty with negotiating benefits is proverbial, but even the Union negotiator for the CEA should be able to understand that if the community will simply pay no more in salaries and benefits or wants to pay no more because there are too many people then the solution is to reduce the number of people. That's the only way you're going to get the pay increases that some people are lobbying for in and out of the Union and that's where the School Board could and should address the problem. They haven't. He thought last year the hope was that there would be some staff reduction and that's why he's offering another token amount to see if the School Board will react finally to the increasingly aggravated community perception of the ever increasing staff for the ever shrinking student population.

Dick Klement stated there is one area he was hoping that regardless of whether the Default Budget gets passed or the proposed Budget, he will be sorely offended if the School Board opted to reduce Maintenance in any shape or form. They did several years ago in the rotating fund and they cut it in half and, lo and behold, Pine Tree School needed more money for its maintenance and then they were running around trying to find that

money. We saw what happened to the schools that we had that we let go and that was a crime and if they do that again, as he said, he will be sorely offended.

Mark Hounsell stated we are certainly not in the business of wanting to offend you Dick (Klement). They don't want to offend anyone. What they do need to do is understand that, and he was going to take the liberty of speaking personally, if he was going to cut a Program that was needed for a child or cut maintenance, he's going to cut maintenance, so go all offended if you want. They have in this Budget \$120,000.00 to replace an Air Handler, it's in the Operating Budget, not the Warrant Article, that will be done. He'd rather be putting that into the classroom himself, but we're not stupid people, we know that we need to maintain our facilities and he thought a long range plan needs to address facilities. This Budget Committee last September, he thought, talked about the need to consolidate. Consolidate can mean a lot of things and he thought those are the types of things that are discussed when we are in the shrinking mode, if you will, student wise and they need to reflect their staffing and facilities based on student population and he thought that needs to be done. They have begun that process. He wished he could snap his fingers to make it happen quicker, but he can't, doesn't work, but this Committee which will be set up will include as many people who probably want to be on it. We'll come up with a strategic plan that takes all of this into account, so he thought the School Board has in the last year moved forward, incremental, small little steps perhaps to some, but again it's what they have to do and attend to, they need to get the job done. They need to find out where are we going to be 5 years from now and he didn't think anyone at this table can tell us.

Chairman Mosca stated before he gets to the few people that have their hands up, if you are making points that are different than we've already discussed, please do; but if we're just going to keep rehashing the same thing over and over again, he'd like to move on.

Michael Fougere stated he hears a lot of people talk about their constituents or the people that can't afford to live here and John's (Edgerton) right, as they get to the point where they are going to lose their house or they can't afford to live here, they're going to move away. This is an expensive place to live in. Just in fuel alone put most people out on the street, but with that being said, the folks in this room that are in his group which is 50 and older are the majority, but the people that are working and making this town survive are doing just that, they're working and making this town survive. We don't see them that often, we do things that cause people to become passionate and we can fill an Auditorium. With that being said, those are the majority of our constituents, the ones that showed up passionate when that many people can fill a room and then we talked about the ones that can't survive, he thought there was a high discrepancy there and those are the ones that have all of their kids in school. His is on her last year, but he's got a 1 year old grandson that's living in this Valley and he hopes to see him go through this school and he will pay his taxes gladly to watch this grandson along with his son and his taxes to make sure he goes through school. If you've lived here with multiple generations or have multiple generation investment into this Valley, you're going to look at multiple generations down the road hopefully and we're not deciding on what the

Budget is today, we're trying to decide what the Budget is going to be 10 years from now by saying let's cut, cut, cut and that's fine and good to keep it down and affordable, but we've got to do what we've got to do and someone said something if it's not paid, it's not going to work. The ones that want our school system to be the best that it can be are the ones that are in between 30 and 50, the ones that are starting to buy their homes to educate their children, unfortunately that's not us at the end of that space, even though we're living here. He thought cutting School Budgets because insurance rates went up, we've got to keep it under control, but we can find other ways.

Chairman Mosca stated he wanted questions on the Budget, he didn't want speeches about how we feel. We all have our feelings. If you have a specific question or a specific idea on the Budget because we could stay here all night pontificating and not getting any where. With that being said, let's stick to questions on or about the Budget.

Frank McCarthy stated this isn't that specific about the Budget, all it does is answer several questions that came up related to the Budget for personnel and staffing. He just wanted to point out that this is not a right to work State. What does that mean? That means every employee who works in a Union shop, whether they are a Union member or not, they pay a percentage of their wages to the Unions every week. If you think the Unions are going to do something to cut staff, you've got another thing coming.

Mark Hounsell stated that is so far out there it doesn't deserve a reply so he won't give a reply that it doesn't deserve. Frank McCarthy started to speak at the same time as Mark when Chairman Mosca stated for everyone to stop; we are not going to get into what we did the other night. You are not going back and forth. If you want to speak on an issue, speak. Chairman stated to Mark that he knew how he felt, but just not to go there; to please not go there.

Mark Hounsell stated he had a question for Chairman Mosca. If he was to sit here to constantly listen to unsubstantiated fact, political rhetoric and not be able to respond, it'll probably be the toughest thing that he has to do. Chairman stated he understood. Mark stated for the sake of the Chairman's request, he will refrain. Chairman stated he will cut off any other comments like that. Mark stated okay, but he was not done with that particular line. Mark stated he did want to point out that on the staffing that Bill (Marvel) pointed out earlier, he forgot to mention this, that Special Education is a fluid staffing problem. Sometimes someone will come into town and there's an IEP and they have to hire someone and that will show as an increase. Sometimes someone leaves town and they don't have to and that would show as a decrease. There are things that affect staffing that are generated by Special Education laws.

Steven Steiner stated he would like to ask the School Board to look at consolidation and look at making the class sizes reasonable so that we can afford it as fast we can, not 5 years because in 5 years we'll be two-thirds of the way to doubling our tax bill. Mark Hounsell stated he would take that to the School Board.

Bill Marvel stated he just wanted to mention for Mark's (Hounsell) sake that the staff he was referring to was simply teachers, Administrators and the itinerants, so there are no Aides, Special Ed Aides unless one of the Speech Pathologists was added for a teacher specifically, those two extra staff members are not related to Special Ed.

Stacy Sand stated it's not so much a comment, well kind of, she asked the question on our list of questions about whether a feasibility study were done looking at alternative fuels and, kind of in hand with that, she was looking at this building and looking at lights that, you know, are basically a lot more electricity than needs to be. A lighting study could be done. There are a lot of ways in the facility, and when you (Mark Hounsell) brought up the Air Handler, she was trying to ask questions about efficiency and things that would make it, you know, instead of investing in this huge piece of equipment that's necessary, have we looked at alternatives and she thought one of the things that's happening is, and it's hard when you have a School Board, you know, switching members every year, unless they are actually directing their Administrative staff to come up with those things, that Budget will also continue to increase because the price of oil is going to go up, the price of electricity is going to go up, so she again asks the School Board because you are the moving force in terms of what happens with this Budget, please direct your Administration to do things that are within your purview of being able, they are not mandated or whatever, to reduce that Budget and she appreciates Mark talking about a Committee that will hopefully include these things as well but it just seems like, everybody seems like we want to maintain the status quo, not how can we step outside of what we're doing now to make it more affordable and she knows there tons of Grants out there in the field of energy. There's tons of public Grants out there and they are not being utilized and she can say for a fact that Chuck Henderson is on a Committee that is trying to get those things into our schools and he's getting no response from the Administration in terms of talking about this. If you guys direct it, maybe it will happen and that will help our Budget as well.

Mark Hounsell stated he agreed 100% to that. He thought we could do a better job in that area and he has been in contact with Chuck Henderson and he thought there were some things that could present themselves. He will make sure to pass that on.

Chairman Mosca stated as far as alternative power, there are some really funky designs for windmills these days that don't even look like windmills. There's one in front of one of the restaurants in the Old Port in Portsmouth that you could use. We all know that there's wind here and you could put one at each school and probably generate enough to get your electricity needs and they don't look like the standard giant windmill with the blade that goes around. It's something and he loves that.

Chairman Mosca asked if the School Board thought about contacting Fryeburg because Fryeburg is in a crisis without enough room for some of their Elementary School kids. Has the School Board even thought about talking to Fryeburg about maybe bringing some of their overflow students here and having them pay to come here until they build their new school. It's just something that could be a Revenue source for a short term, but it could help to offset some things. He knows it's in the papers that they don't

have the room and they're looking to build a new school. It may be something that we could do in the short term, he didn't know, it's just something to throw out there.

Chairman Mosca stated something that's speaking to people around town, someone asked with all the new hotel rooms, can we get a local tax passed in the Legislature. He didn't know. He knows in Massachusetts they do Home Rule Petitions where somebody goes in from their town and says it's specific for that town. It's called a Home Rule Petition and he didn't know how the Legislature works here, but if we could get \$1.00 per room, it would generate an awful lot of money. Every night the room is in use, you'd get \$1.00 and you put 65% of that towards the School and 35% of that towards the Town, that would offset some costs. It's a good Revenue source. It's something to look at. He didn't know how it would be done in New Hampshire, but he knew it could be done in other states and couldn't see why it couldn't be done here as a local tax only.

Chairman Mosca stated his other thought was that he was disappointed when we talked about cutting an Administrative position last year only to see the Safety Officer be hired this year. He can't believe that function can't be absorbed by one or two other Administrators and save the taxpayers some money.

Chairman Mosca stated what he was hearing from the Board is thoughts for the School Board and he was sure Mark (Hounsell) would bring them back. These are just thoughts. No motions, no votes, but to cut two teachers average with benefits which is approximately \$125,000.00, to cut the Safety Officer which is approximately \$61,000.00 and to cut approximately \$98,000.00 from the Middle School for a total of \$284,000.00. That's just something to think about.

Chairman Mosca stated he was going to let John (Edgerton) have one more comment and then he was going to close discussion on the schools.

John Edgerton stated he thought in here it was the population per Grade and he can't find it right now and can we ask for that from the School Department. Chairman Mosca stated it was some where. John stated it's student population, but not by Grades by school especially the Elementary Schools. Chairman stated he could send Dr. Nelson an e-mail tomorrow.

Chairman Mosca closed discussion on the School Budget for this evening.

PUBLIC COMMENT

Janine McLachlan, Chairman of the Conway School Board, stated she wanted to thank everybody for the work they've done because when the Administrators bring it to the School Board, they look at it, they ask questions, they scrutinize it and then it's always great to have another 18 sets of eyes looking at it from a whole different perspective. Any input that you guys come up with, it's always welcomed, you know that. Last year we worked very cooperatively. We came up with a number and they were able to manage that number within their Budget. She just wanted to say she actually, as her thought process went through on the \$640,000.00, it was actually a number that was taken out of context. We talked about when somebody mentioned the Air Handler it sort of clicked. The Air

Handler, if it has to be replaced and they can't put it into the Budget, it would cost about \$640,000.00 and she thought that's where Frank (McCarthy) got that number and the comment that was made at the School Board meeting was that if they did have it in the Budget they would have to make cuts because they could not go without the Air Handler, but those cuts would impact a great deal of programming and so forth. It's not that they could just find it, it's not just there, they would have to make cuts as a result. She wanted to thank everybody for everything that they've done and all of the suggestions she thought were great. They've looked into a few things.

Mrs. McLachlan stated to Stacy (Sand) in relation to the lights, they've just replaced all of the light bulbs in this building to be more energy efficient, they've switched over their electric service to a different one that provides services so they've saved some money there, they will check with Chuck Henderson on the program he's suggesting and they will do what they can to save money wherever they can. Thank you.

OLD BUSINESS

Chairman Mosca stated the Committee will be meeting here at 6:30 PM on Wednesday, it's a joint meeting. Next Wednesday is the Public Hearing; it starts at 6:00 PM and that one is at the High School and at 6:00 PM it will be the Precincts, 6:30 PM or thereabouts will be the Town Budget and 7:00 PM or thereabouts will be the School Budget.

Chairman Mosca stated we've had discussions on what this Committee is actually voting on, what can be moved and what can't be moved around. In the Audit, if members go into the website for the Town of Conway, go to the Finance Department and you can pull up the 2012 Audit. On page 28, Note 2, subsection 2A, paragraph 2:

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at the end of the year unless encumbered.

Chairman Mosca stated that's from the Auditors so what we were saying that the Town can moved money between line items is perfectly okay. It's all right as far as the Auditors and the State are concerned. There shouldn't be a discussion on it any more. It's right on the website. Again, page 28 of the Audit. He thanked the member of the Board who pointed that out to him.

Dick Klement moved, seconded by Steven Steiner, to adjourn the meeting at 8:20 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary